

CANTABIL

EXECUTIVE REMUNERATION POLICY

(1) PREFACE :

The remuneration policy of the Board of Directors of Cantabil Retail India Limited (CRIL) is conceived and executed by the Nomination and Remuneration committee (N&RC) of the company. It has been designed to keep pace with the business environment and market linked positioning of the company. N&RC determines and recommends to the board the compensation payable to executive Directors of the company. The remuneration consists of a fixed component and a variable component linked to the long term vision, medium term goals and annual business plans.

CRIL constituted remuneration committee on September 11, 2009 to assess, review, recommend the quantum and payment of annual salary, commission along with service agreements related employment conditions of the Executive Directors. It makes due and in-depth study for comparative remuneration practices followed in the industry for appropriate recommendations. Accordingly, at the Board meeting on May 26, 2014, the remuneration Committee has been renamed as the Nomination and Remuneration Committee.

The constitution of the committee is as follows as on March 31, 2015

NAME	CATEGORY	DESIGNATION
Mr. Lalit Kumar	Non-Executive-Independent Director	Chairman
Dr. Arun Kumar Roopanwal	Non-Executive-Independent Director	Member
Mrs. Renu Jagdish	Non-Executive-Independent Director	Member
Ms. Poonam Chahal	Legal- Head & Company Secretary	Secretary

(2) KEY DEFINITIONS AS PER THE COMPANIES ACT 2013 :

- “Board of Directors” or “Board”, in relation to a company, means the collective body of the Directors of the company;
- The expression “senior management” means personnel of the company who are members of its core management team other than the Board of Directors. It comprises of all the

members of the management who are one level below the Executive Directors and include the Functional Heads.

- “Key managerial personnel”, in relation to a company, means-

1.	The Chief Executive Officer (CEO) or the Managing Director or the Manager or in their absence ,a whole time director ;
2.	The Company Secretary;
3.	The Whole-Time Director;
4.	The Chief Financial Officer; and
5.	Such other officers as may be prescribed

- CRIL has following individuals assuming key positions in the company:

A. Board Of Directors

Mr. Vijay Bansal	Chairman cum Managing Director
Mr. Deepak Bansal	Whole Time Director
Mr. Basant Goyal	Whole Time Director
Mr. Lalit Kumar	Non-Executive – Independent Director
Mr. Arun Kumar Roopanwal	Non-Executive – Independent Director
Ms. Renu Jagdish	Non-Executive – Independent Director

B. Independent Directors

Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchange(s), an Independent Director means a Non-Executive Director who:

- Apart from receiving Director’s remuneration, does not have any material pecuniary relationships or transactions with the company, its promoters, its Directors , its Senior Management, its holding company, its subsidiaries or associates which may affect independence of the Director;
- Is not related to promoters or persons occupying management positions at the Board level or at one level below the Board;
- Has not been an executive of the company in the immediately preceding 3 (three) financial years;
- Is not a partner or an executive of the statutory audit firm or the internal audit firm that is associated with the company and has not been a partner or an executive of any such firm for last 3 (three) years and the legal firms(s) and consulting firm(s) that have a material Association with the entity;
- Is not a material supplier, service provider or customer or a lesser or lessee of the company, which may affect the independence of the Director;
- Is not a substantial shareholder of the company i.e. owning 2(two) % or more of the block of voting shares; and

- Is not less than 21 (twenty one) years of age.

C. The Senior Management Team consists of

- i. Head Legal & Company Secretary
- ii. Chief Financial Officer
- iii. Head- Sales & Marketing
- iv. Head-Operations
- v. Head-Sourcing
- vi. Head-Supply Chain
- vii. Head- Human Resources Management

D. Key Managerial Personnel

- i. Chairman cum Managing director
- ii. Legal Head and Company Secretary
- iii. Chief Financial officer

(3) Key Principles of the Remuneration Policy :

The guiding factors of remuneration policy for all individuals covered including Executive directors, Key managerial personnel, senior management personnel and executives is as follows :

1. Aligning key executive and board members compensation and remuneration with the longer term interests of the company and its stakeholders.
2. Minimize complexity and ensure transparency.
3. Link to Long Term Strategy as well as annual business performance of the company
4. Promotes a culture of meritocracy and is linked to key performance and business drivers.
5. Reflective of line expertise, market competitiveness so as to attract the best talent

(4) Remuneration to Executive Directors:

- The proposed remuneration to Executive Directors is recommended by the (N&RC) and approved by the Board in its Board meeting, subject to subsequent approval by the shareholders at the company's annual general meeting and by such other authorities, as the case may be.
- At the Board meeting, only Non-Executive Independent Directors participate in approving the remuneration paid to the Executive Directors. The remuneration is arrived by considering various factors such as qualification, experience, business acumen ship, expertise, prevailing remuneration in the industry and the financial position of the

company. The elements of the remuneration and limits are pursuant to the clause 178,197 and Schedule V of the Companies Act, 2013 and also Clause49 of the Listing Agreement entered into with the related Stock Exchange(s).

Remuneration Policy Structure

The remuneration structure for the Executive Directors include following components:

Basic Salary

A fixed monthly base level remuneration to reflect the scale and dynamics of business

- It is reviewed annually
- An annual increase as per recommendations of the N&RC and approval of the Board of Directors
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Commission

- Executive Directors will be eligible for commission in addition to the Basic Salary, perquisites and any other allowances, benefits and amenities.
- It shall be subject to the condition that the amount of commission shall not exceed 1% of net profit of the company in a particular financial year in the manner referred in Section 197&198 of Companies Act, 2013.
- The amount of Commission shall be paid subject to recommendations of the N&RC and approval of the Board of Directors.

Perquisites And Allowances

A basket of Perquisites and Allowances would also form a part of the remuneration structure.

Contribution to Provident And Other Funds

In addition to the above, the remuneration would also include:

- Contribution to Provident and Superannuation Funds
- Gratuity

Minimum Remuneration

In case of inadequate profits or no profit in an financial year , during the tenure of the Executive Directors, then they shall be entitled to, by way of Basic Salary, Perquisites, allowances not exceeding the ceiling limit of Rs. 3,50,000 per month, and in addition hereto, they shall also be eligible for perquisites not exceeding the limits specified under Part IV of Schedule V of the Companies Act,2013 or as such limits as prescribed by the Government from time to time as minimum remuneration, whichever is higher.

5 Remuneration payable to Non-Executive & Independent Director

The Non-Executive Directors of the company would be paid sitting fees for each meeting of the Board of the directors.

6 Remuneration to Key Managerial Personnel, Senior Management & Staff

The compensation for the Key Managerial Personnel, senior management and staff at CRIL would be guided by the qualification, experience, interpersonal skills, external competitiveness and internal parity through annual benchmarking surveys by Human resources department.

Internally, Performance ratings of all the CRIL employees would be spread across a normal distribution curve. The rating secured by an employee will be used as an input to determine variable and merit pay increases. Variable and Merit Pay increase will be calculated using a combination of individual performance and organizational performance. Grade wise differentiation in the ratio of variable and fixed pay as well as increment percentage may be made.

Compensation can also be determined based on identified skill sets critical to success of CRIL. It is determined as per management review of market trends and availability of identical resources.

Grade Structure

Employees are assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in CRIL. Individual Remuneration within the appropriate grade and is based on following:

- a) An individual's qualification, industrial experience, skill, competencies and knowledge relevant to the job; and
- b) An individual's performance and potential contribution to the company.

Employee Group	Parameters to Focus
Senior Management	High Weightage to company performance & emphasis to Long Term Incentives and Benefits derived
Middle management	High weightage to individual performance with dynamic variable component.
Staff	Fixed Income & some social security benefits.
Workman	Fixed income. Comparable with industry peers. Focus on providing necessary and statutory benefits.

Workmen Compensation

Workmen are paid wages in accordance to the best industrial practices in vogue among peers, subject to Central and State laws in force.

Performance Framework

With the objective of building a high performance culture at CRIL, a new PMS system has been introduced. PACE – Performance, Appreciation & Competency Evaluation, This system also ensures the following:

- Align organizational and individual Goals
- Provide data for making critical decisions related to the employees
- Drive the right employee behaviors
- Support employee development

The goals are cascaded to the functional heads and from them, to their reporting managers. This process is carried on right up to the lower levels. In this manner, the company’s annual business goals are cascaded to the lower levels of the organization. Similarly, the senior management’s performance also contingent on their leadership, guidance and also the achievement of the goals of their teams.

The employees are rated on the basis of achievements of these goals and also a defined competency framework.